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December 9, 2004

Via Hand Delivery

Deborah Taylor Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re In Re Citizens Telecommunications Company of Tennessee, LLC's d/b/a
Frontier Communications of Tennessee
Docket No. ~~03-0021~~ 03-00211

Dear Chairman Tate

Enclosed for filing in the above-referenced proceeding are an original and fourteen copies of Citizens Telecommunications Company of Tennessee L.L.C.'s ("Citizens") Response to Ben Lomand Communications, Inc.'s Request for Discovery

Should you have any questions, please do not hesitate to call

Very truly yours,

STOKES BARTHOLOMEW
EVANS & PETREE P A



Charles W. Cook, III

CWC/eu
Enclosures

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)	
)	
PETITION OF CITIZENS)	
TELECOMMUNICATIONS)	
COMPANY OF TENNESSEE, LLC,)	DOCKET NO 03-00211
FOR EXEMPTION UNDER T.C.A.)	
§65-5-208(c))	

**CITIZENS TELECOMMUNICATIONS
COMPANY OF TENNESSEE, LLC'S RESPONSE TO
BEN LOMAND COMMUNICATIONS, INC.'S REQUEST FOR DISCOVERY**

Citizens Telecommunications Company of Tennessee, LLC, ("Citizens") responds to the Request for Discovery From Ben Lomand Communications, Inc ("BLC") as follows

GENERAL OBJECTIONS

1 Citizens objects to the discovery requests to the extent that they seek the discovery of information or documents subject to the attorney-client privilege or work product doctrine

2 Citizens objects to the discovery requests to the extent that they seek information and/or documents that are proprietary and confidential

3 Citizens objects to the discovery requests to the extent that they request information that is not required by the applicable rules of the TRA

4 Citizens objects to the instructions and/or definitions to the extent that they are inconsistent with the applicable law or rules promulgated there under

Without waiving these General Objections, Citizens responds to the Interrogatories, Data Requests, and Requests for Admission as follows

I. INTERROGATORIES

1. Identify each person whom you expect to call as a witness at any hearing in this case.

ANSWER. Citizens has not developed a list of witnesses at this time and will provide a list in due course

2. Identify each person whom you expect to call as an expert witness at any hearing in this docket, and for each such expert witness

- (a) identify the field in which the witness is to be offered as an expert,
- (b) provide complete background information, including the expert's current employer as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify, and identify all publications written or presentations presented in whole or in part by the witness,
- (c) provide the grounds (including without limitation any factual basis) for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion,
- (d) identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony,
- (e) identify for each such expert any person whom the expert consulted or otherwise communicated with in connection with his expected testimony,

- (f) identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions,
- (g) identify all documents or things shown to, delivered to, received from, relied upon, or prepared by any expert witness, which are related to the witness(es)' expected testimony in this case, whether or not such documents are supportive of such testimony, including without limitation all documents or things provided to that expert for review in connection with testimony and opinions, and
- (h) identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert

ANSWER Citizens has not determined whether it will call or retain expert witnesses at this time, who they might be or what their opinions might cover

3 State the number of access lines for Citizens and its affiliates in service in McMinnville and Sparta as of December 31 of each year since 1999 through 2003 and as of the latest date figures are available for 2004

ANSWER

# Access Lines	McMinnville	Sparta	Total
12-31-99	7,886	2,412	10,298
12-31-00	4,991	2,513	7,504
12-31-01	3,354	1,631	4,985
12-31-02	2,520	1,202	3,722
12-31-03	2,601	1,219	3,820
Nov 2004 YTD	2,486	1,221	3,707

4 What sources and amounts of funding does Citizens receive from its affiliates for its operations in McMinnville and Sparta.

ANSWER None Citizens funds all its operations in Tennessee

5. What is the rate of Return on Investments for Citizens' Tennessee exchanges as of December 31, 2003?

ANSWER Citizens' report showing the Rate-of-Return has been filed with the TRA

6 What is the rate of Return on Investments for Citizens' exchanges in McMinnville and Sparta as of December 31, 2003?

ANSWER Citizens does not track Rate-of-Return by exchange

7 What is the cost floor below which Citizens wishes to price?

ANSWER· These responses assume that “cost floor” and “price floor” are synonymous. Citizens' petition in this proceeding sets forth the relief requested from the price floor The price floor in question is the price floor established by statute

8 What is the price floor calculated by Citizens?

ANSWER· As stated in response to Interrogatory No. 7, Citizens' assumption is that the terms “price floor” and “cost floor” are synonymous The cost floor is that level of cost of a network service or element that is computed using a specific costing methodology For purposes of this proceeding, Citizens' believes the costing methodology to set price floors should be the

long run incremental cost methodology as referenced in the Tennessee Public Service Commission Regulations for Local Telecommunication Providers, Chapter 1220-4-8-.09 We used a Total Service Long Run Incremental Cost (TSLRIC) methodology in our Business Flat Rate and Versaline cost studies as shown in the response to Data Request No 1

9. How does Citizens define cost?

ANSWER: The Sparta and McMinnville Business Flat Rate and Versaline cost studies (see Data Request #1) were computed using a Total Service Long Run Incremental Cost (TSLRIC) methodology The TSLRIC costing approach is the cost modeling standard for the Company's retail product offerings while the Total Element Long Run Incremental Cost (TELRIC) methodology is the cost modeling standard for the Company's unbundled network element offerings The primary difference between a TSLRIC and TELRIC costing methodology is that TSLRIC costs are computed by allocating the cost of a network element over the capacity of that network element, where TELRIC costs are computed based by allocating the cost of a network component over the actual demand associated with that network element Also, in our computations of TSLRIC costs, only service specific overheads were included as part of the specific network element's cost When we compute costs under the TELRIC methodology, both service specific and corporate overheads are included in the specific network element's cost

10 At what price does Citizens intend to sell basic service? Answer separately for business service and residential service

ANSWER The market will dictate the price Citizens intends to meet or be lower than BLC's prices for business and residential services.

11 At what price does Citizens intend to sell additional services such as call waiting, caller ID, and voice mail?

ANSWER The market will dictate the price. Citizens intends to meet or be lower than BLC's price

12. How does Citizens intend to continue to provide service, repairs, and costs of capital if its prices are below the cost floor?

ANSWER Citizens will continue to provide service, repairs, and costs of capital just as they are provided today However, any particular service may not be as profitable as it is today.

13 Assuming this request for exemption from price floor regulations is granted, what amount is budgeted for services and repairs in the three (3) years after such exemption? Furnish this figure separately for each such year

ANSWER Citizens does not budget by category, location, or wire center Citizens expects that the amount of monies spent for services and repairs will be consistent with previous years

14 How does Citizens intend to prevent cross-subsidization in McMinnville and Sparta by its other affiliates and entities?

ANSWER: Citizens expects its operation to remain cash flow positive and earning a profit

15 In what other jurisdictions (states, cities) has Citizens requested relief from a price floor? What is the status of such requests?

ANSWER: Citizens has not formally approached any Regulatory body in any of its states requesting relief from price floor regulation. However, the Iowa Commission has deregulated local phone service in 20 exchanges and Citizens is in the process of making a filing in California in the near future.

16 In TRA docket no. 03-00391, Citizens requests exemption from regulation for IntraLATA Toll Service and Primary Rate Integrated Services Network. Explain how, if the exemptions sought in docket no. 03-00391 and the exemption sought in the instant docket are granted, the result will not be total deregulation of Citizens by the Tennessee Regulatory Authority.

ANSWER: Citizens objects to this Interrogatory on the grounds that it calls for a Legal opinion and is argumentative. Without waiving this objection, Citizens states that exemption from the Price Floor is not deregulation.

17. In Citizens' response to TRA Staff Questions, page 4, Question 7, Citizens states, "If Citizens loses all of the revenue from most of its customers in McMinnville and Sparta, it is far more likely that Citizens will be compelled to seek recovery of its loss from customers in other areas " Explain to what extent, in revenue, corporate funds, and personnel, Citizens plans to cross-subsidize its McMinnville and Sparta operations "from its customers in other areas "

ANSWER· Citizens does not plan to cross-subsidize McMinnville and Sparta from its customers in other areas

II. DATA REQUESTS

1 Identify and produce copies of all of Citizens' cost studies, supporting data, correspondence, and documentation arising from or related to the calculation of a price floor and/or cost of Citizens' tariffed services and from or related to pricing of services to be offered if Citizens' request for exemption from the price floor

RESPONSE· Refer to Exhibit 1.0, Schedule 1 1 in the Appendix of this Discovery Request

2 Identify the persons who proposed, calculated, prepared, reviewed, and/or the data requested in Data Request No 1

RESPONSE. Data Request No 1 proposed, calculated, prepared, and reviewed by Randall J Brockmann, Manager, Regulatory – Economic Costing.

3 Identify and produce all of Citizens' Contract Service Arrangements, including those for customers in the exchanges of McMinnville and Sparta, and in the counties of Cumberland, Putnam, and Weakley

RESPONSE Citizens' objects to this request on the basis that it is unduly burdensome and because providing the information on Cumberland, Putnam and Weakley Counties is irrelevant Weakley County in particular is a great distance removed from the areas to which our petition applies and is therefore irrelevant Citizens' petition for an exemption from the price floor is only for the exchanges of McMinnville and Sparta and there aren't any CSA's for either of these exchanges.

4. Of the Contract Service Arrangements listed in the response to Data Request No 3, how many of those contracts were entered into with existing Citizens customers (excluding win-back customers)?

RESPONSE Citizens objects to this request as being unduly burdensome This information is within BLC's control BLC knows its own customer base and knows what customers Citizens has won back All other customers are Citizens' existing customers

5. Identify and produce all of Citizens' cost studies, supporting data, correspondence, and documentation, including cost studies and supporting data not furnished to the Tennessee Regulatory Authority, arising from or related to the Contract Service Arrangements

RESPONSE: No additional information exists other than what was provided previously to the TRA

6. Identify the persons who proposed, prepared, reviewed, and/or approved (excluding Tennessee Regulatory Authority personnel) the Contract Service Arrangements.

RESPONSE. Citizens' CSA flow through an automated process to be prepared, reviewed, and approved. The flow includes Costing, Engineering, Regulatory, Marketing, Business Decision, State VP, and Regional VP

7 Identify and produce Citizens' most recent audited financial statements (Balance Sheet, Income Statement, and Statement of Cash Flows)

RESPONSE The most recent financial statement audited is contained in Citizens Communications Company's 2003 10-K which is on file with the TRA and available online from the federal Securities and Exchange Commission's web site

8 Identify and produce Citizens' projected financial statements (three (3) years).

RESPONSE: Citizens objects to this request on the grounds that providing this information would be a violation of Federal Securities Laws by releasing material, nonpublic information that could affect the price of Citizens' securities, and that this information would be wholly irrelevant to this proceeding. This information exists only for Citizens as a whole

9 Identify and produce Citizens' Tennessee Capital Expenditures Budget for 2002, 2003, and 2004

RESPONSE Citizens objects to providing past and present capital and expense budgets for CTC-TN and CTC-Volunteer The level of spending Citizens performs in either of these categories at a company level or exchange level has no bearing on the issue of exemption from the price floor for pricing competitive services

10 Identify and produce Citizens' Tennessee Capital Expenditures Budget for 2002, 2003, and 2004 for Sparta and McMinnville .

RESPONSE. Citizens objects to providing past and present capital and expense budgets for CTC-TN and CTC-Volunteer The level of spending Citizens performs in either of these categories at a company level or exchange level has no bearing on the issue of exemption from the price floor for pricing competitive services

11 Produce any and all organizational charts identifying any of the entities and/or divisions or offices identified in these Discovery Requests

RESPONSE Citizens objects to this request because it is vague and ambiguous. Citizens doesn't understand what is being requested and asks further clarification on the Data Request before a response can be prepared.

12. Identify and produce copies of all correspondence and documentation regarding Citizens' business plan in the McMinnville and Sparta exchanges in the event Citizens' request in this docket is granted

RESPONSE Citizens objects to turning information of this kind over to a competitor. The requested information is so sensitive and confidential that it would not be capable of being "walled off" to prevent misuse in BLC's organization. Citizens further objects to this interrogatory on the ground that its business plans are irrelevant to whether it is entitled to the relief sought in this proceeding. Without waiving the foregoing objections, Citizens states that if its petition is granted, its intention is to compete head-to-head with BLC Communications by providing equal or better services at equal or lower prices.

13. Identify and produce copies of all correspondence and documentation regarding Citizens' analysis of the effect of pricing below the price floor on BLC in the McMinnville and Sparta exchanges

RESPONSE: No correspondence or documentation exists.

Respectfully submitted,



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Attorneys for Citizens Telecommunications
Company of Tennessee, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by facsimile transmission and by hand-delivery on this the 9th day of December, 2004 to:

Don Baltimore
Farrar & Bates LLP
211 Seventh Avenue North
Nashville, Tennessee 37219

Richard Collier
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238



Charles W Cook, III

Citizens Telecommunications Company of Tennessee

Cost Study Summary

Services B1 & Centrex (McMinnville and Sparta)

Docket No 03-00211

Exhibit 1 0

Schedule 1 1

Witness Randall J Brockmann

Cost Elements	Source	Service	
		B1	Versaline Centrex
Local Loop			
1 Monthly Loop Costs	Exhibit 2 0, Schedules 2 1, 2 3	\$7 62	\$8 19
Local Switching			
2 Line Port	Exhibit 4 0, Schedules 4 1	\$1 94	\$1 94
3 Centrex Port Group Additive	Exhibit 4 0, Schedules 4 1	\$0 00	\$0 53
4 Centrex Feature Costs	Exhibit 4 0, Schedules 4 4	\$0 00	\$0 29
5 Local Switching Usage	Exhibit 4 0, Schedules 4 7	\$0 82	\$1 48
6 Software RTU Features	Exhibit 5 0, Schedules 5 1	\$0 14	\$0 26
Interoffice Switching & Transport			
7 Interoffice Switching & Transport	Exhibit 4 0, Schedules 4 7	\$1 90	\$0 38
8 Total TSLRIC Cost per Line / per Month		\$12 43	\$13 08
Tariff Prices	Source		
9 Versaline Centrex - MTM	CTC-TN (S10 1 6, p70)		\$14 50
10 Versaline Centrex - 3 yr	CTC-TN (S10 1 6, p70)		\$10 50
11 Business Flat Rate - 6 mo	CTC-TN (S3 2 1(A), p5)	\$12 50	
12 Business Flat Rate - 3 yr	CTC-TN (S3 2 1(A), p5)	\$11 00	
13 End User Common Line (EUCL) - Business			
14 Multi-Line - per each line or trunk	CTC-FCC#1 (20 1 2 1, p755)	\$9 20	\$9 20
15 Single-Line - per each line or trunk	CTC-FCC#1 (20 1 2 1, p755)	\$6 50	\$6 50
16 Tariff Price before taxes & surcharges - Min		\$17 50	\$19 70
17 Tariff Price before taxes & surcharges - Max		\$21 70	\$23 70